



STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
AND ELECTION PRACTICES
135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

Commission Meeting 5/28/2015
Agenda Item #2

To: Commissioners
From: Jonathan Wayne, Executive Director
Date: May 20, 2015
Re: Recommended Findings of Violation and Penalties/Byron D. Watson

Byron D. Watson was a Maine Clean Election Act candidate for the Maine House of Representatives in the 2014 elections. He was not elected to the Legislature. For reasons discussed below, he was selected for an audit. This memo contains the recommendations by the Commission staff.

In 2014, Mr. Watson opened a campaign account at a credit union at which he had an existing personal account. He deposited the two payments of Maine Clean Election Act (MCEA) funds into the campaign account, but did not any make campaign expenditures from that account. Rather, he made 13 transfers of MCEA funds totaling \$3,022 from his campaign account to his personal account, and he withdrew \$2,183 in cash from his campaign account (the cash withdrawals are discussed below). The commingling of \$3,022 in MCEA funds and personal funds in his credit union account is prohibited by law, because it can lead to the personal use of MCEA funds. The staff recommends a finding of violation and the assessment of a \$200 penalty for the violation. This proposed finding is discussed as Finding No. 1 in the attached Final Audit Report.

During the audit, Mr. Watson could not produce many of the documents that he was legally required to keep. The record-keeping requirements of the MCEA were enacted by the Legislature at the request of the Commission for the purpose of creating an audit trail of how candidates have spent their MCEA funds. Maine taxpayers and the State of Maine have an interest in verifying that MCEA funds were actually used for campaign purposes as reported by the candidate. To perform this verification, the State should not have to rely on the word of the candidate. Candidates in the program should maintain documents that verify that the reported vendor actually received the

payments (“proof of payment”) and documents that describe the goods and services purchased (“proof of purchase”).

Mr. Watson’s failure to keep required records is discussed in Finding No. 2 in the Final Audit Report. The documentation that Mr. Watson did – and did not have – is shown on Exhibit V of the Final Audit Report. We recommend a \$200 penalty for this violation. I have summarized the missing documentation in a supplemental chart that is attached directly after this memo.

A major complicating factor in the audit was the candidate’s conversion of MCEA funds in his campaign account to cash. Between May 30 and November 3, 2014, the candidate made eight withdrawals of cash (MCEA funds) from his campaign account totaling \$2,183. Five of these cash withdrawals totaling \$1,647 do not correspond to the amounts of any expenditure reported by the candidate.¹ Although Mr. Watson reported making campaign expenditures during this time period, he has no bank account statement or cancelled check *documenting* how he spent this \$1,647 in cash. The other three withdrawals of cash by Mr. Watson (totaling \$536) do correspond to the amounts of three expenditures reported by the candidate.

Audit Report and Candidate Response

Because of the commingling of personal and MCEA funds and the large cash withdrawals, the Commission staff requested a “special purpose” audit. Mr. Watson was unable to provide some of the requested documentation. On January 31, 2015, he submitted a letter (attached) explaining that he shredded some campaign documents.

After examining documents provided, the Commission’s auditor sent Mr. Watson a draft version of the audit report for his comments. The report contained two proposed findings of violation: commingling and failure to keep required records. The candidate provided comments dated April 17, 2015 requesting leniency on any penalty. Mr. Watson responded that his expenditures were correctly reported and explains that his campaign account was a savings account, so he moved

¹ The law does not explicitly prohibit MCEA candidates from using cash to purchase campaign goods or services, but the practice is discouraged by the Commission staff. Paying by cash will result in no document from the candidate’s financial institution (bank or credit union) identifying the person receiving the payment.

cash to his personal account to access it. He states that he presumed he would have assistance from his party, but ended up doing everything himself.

Notice to Candidate of Potential Findings of Violation and Penalties

On May 5, 2015, the Commission staff mailed the candidate the Final Audit Report and a Notice of Recommended Findings of Violation and Penalties. Both documents notified the candidate that the staff intended to recommend the assessment of \$400 in penalties. Mr. Watson did not respond in writing to the May 5 notice. The notice explicitly noted for his attention that you had the option of assessing penalties higher than those recommended by the Commission staff.

Recommendations by Commission Staff

Commingling. The Commission staff recommends finding that Mr. Watson violated 21-A M.R.S.A. § 1125(7-A) by commingling \$3,022 in MCEA funds with funds in his personal bank account. We recommend assessing a civil penalty of \$200 for this violation, pursuant to 21-A M.R.S.A. § 1127(1).

Failure to keep documents. We recommend that you find that Mr. Watson violated 21-A M.R.S.A. § 1125(12-A) and Chapter 3, Section 7(1)(C) of the Commission Rules by failing to keep proof of purchase for nine expenditures,² proof of payment for seven expenditures, and records of vehicle travel that supported three payments of MCEA funds for campaign travel. We recommend assessing a civil penalty of \$200 for the record-keeping violation, pursuant to 21-A M.R.S.A. § 1127(1).

Potential for Further Investigation

If you would like to request any further investigation by the Commission staff or to consider other potential violations, we are happy to take any action you request.

Thank you for your consideration of this item.

² In my 5/5/2015 Notice of Recommended Findings of Violation and Penalties, I miscounted the number of expenditures missing proof of payment. The correct number is nine, not eight.

**Summary of Documentation Provided by Byron Watson
for 17 Expenditures Selected in Audit
(prepared by Executive Director, 5/20/2015)**

Payee	Date	Amount	Proof of Payment (check or debit card statement that identifies payee)	Invoice or Receipt from Vendor
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A. Candidate provided both required documents

STAPLES	5/10/2014	\$75.69	Yes	Yes
FIRST LIGHT ADVERTISING	9/23/2014	\$1,100.00	Yes	Yes
TARGET MARKETING MAINE	10/21/2014	\$212.83	Yes	Yes
STAPLES	11/12/2014	\$115.51	Yes	Yes

B. Candidate provided invoice purportedly from vendor, but no proof that vendor received the payment

FIRST LIGHT ADVERTISING	5/20/2014	\$410.00	No	Yes
MARK HOLBROOK	7/6/2014	\$50.00	No	Yes
FIRST LIGHT ADVERTISING	7/11/2014	\$800.00	No	Yes
ANCHOR PUBLISHING	10/31/2014	\$220.00	No	Yes

C. Candidate provided proof that vendor received payment, but no invoice or receipt from the vendor describing the goods or services purchased

STAPLES	9/22/2014	\$79.13	Yes	No
TARGET MARKETING MAINE	9/22/2014	\$627.91	Yes	No
SENDCALLS.COM	10/24/2014	\$155.99	Yes	No
GIBBS CONVENIENCE STORE	10/28/2014	\$40.06	Yes	No
NEW MEADOWS CLIPPER	11/1/2014	\$52.56	Yes	No
USPS	11/13/2014	\$111.80	Yes	No

D. Candidate provided no documentation of the expenditure

BRUNSWICK USPS	7/19/2014	\$272.00	No	No
STAPLES	7/28/2014	\$133.81	No	No
CUMBERLAND FARMS	9/4/2014	\$50.00	No	No



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May 5, 2015

Byron D. Watson
33 Beverly Drive
Brunswick, ME 04011

Subject: 2014 Campaign Audit – Final Audit Report

Dear Mr. Watson:

Enclosed is the final report of the Commission's audit of your 2014 House campaign contributions and expenditures. We anticipate presenting the report to our commissioners at their meeting on Thursday, May 28, 2015. You will be invited to attend the meeting for the purpose of discussing the audit findings with the members of the Commission. Jonathan Wayne, the Commission's Executive Director, will contact you in advance to schedule your appearance.

Call me at (207) 255-6618 or Jonathan at (207) 287-4179 if you have any questions or concerns regarding the report or its presentation at the Commission meeting.

Thank you for your cooperation during the audit process and for helping us meet the objectives of the Commission's audit program.

Sincerely,

A handwritten signature in black ink, appearing to read "Vincent W. Dinan".

Vincent W. Dinan
Commission Auditor

Enclosure

Cc: Jonathan Wayne



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AND ELECTION PRACTICES
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May 5, 2015
Audit Report No. 2014-SP001
Candidate: Byron D. Watson
House District 51

Background

Byron D. Watson was a candidate for election to the Maine House of Representatives, District 51, in the 2014 general election. Mr. Watson was certified for Maine Clean Election Act (MCEA) funding on April 18, 2014. Under the terms of the Act, MCEA candidates are required to submit reports of contributions received, campaign expenditures, equipment purchases and dispositions, and outstanding campaign debt for specified periods during the election cycle.

Audit Scope

The auditor examined selected contributions made to the campaign, and certain expenditures made during the following reporting periods:

- Seed Money
- 11 Day Pre-Primary
- 42 Day Post-Primary
- 42 Day Pre-General
- 11 Day Pre-General
- 42 Day Post-General

The transactions examined were recorded in the campaign's accounting and banking records. The audit's purpose was to determine if the identified contributions and expenditures (1) were properly approved by the candidate or his authorized representative; (2) were adequately documented as evidenced by original vendor invoices and cancelled checks or other acceptable third party disbursement documentation; (3) were properly reported to the Commission; and (4) complied in all material respects with the requirements of the Maine Clean Election Act and the Commission's rules.

Audit Findings and Recommendations

Overview

The campaign of Byron Watson was not in the statistical random sample of 2014 campaigns selected for audit. The Commission staff requested an opportunity to review Mr. Watson's account statements for the Midcoast Federal Credit Union in Bath, Maine, after learning that he

made most campaign purchases from his personal account. Upon seeing significant withdrawals of cash and a large volume of MCEA funds flowing through the personal account, the Commission staff requested that the Watson campaign be audited on a “special purpose” basis.

In January, 2015, the Commission’s Auditor informed Mr. Watson by letter that an audit was being initiated, and attached to the letter was a list of financial transactions for which he was to provide documentary support. Mr. Watson responded by submitting a small number of documents out of the total requested, along with a letter stating that “the weekend of January 16th I went ahead and shredded all materials related to the 2014 campaign (emphasis added).” The letter is attached as Exhibit I. According to Mr. Watson, he destroyed the campaign records because “In early December I received a letter from your office stating that audits were (sic) being completed and if I didn’t receive any notification by a certain date in December that I would not be getting audited.”

The Commission’s Executive Director provided the Auditor with copies of all communications sent to candidates in December, 2014, and none contained any reference to the instructions referenced by Mr. Watson.

Finding No. 1 – Commingling of Funds

The MCEA requires publicly funded candidates to maintain a campaign bank account and to deposit all seed money contributions and MCEA funds into the account, and to make all campaign disbursements from the account. Mr. Watson’s campaign account was a sub-account of his primary share account at the Midcoast Federal Credit Union. The audit confirmed that MCEA fund distributions were in fact deposited into the campaign account. Exhibit II provides an analysis of deposits into, and disbursements from, the campaign bank account.

The audit disclosed that during the period of September 5 - November 13, 2014, Mr. Watson made 13 transfers totaling \$3,022 from the campaign account into the candidate’s personal checking account. These are listed in Exhibit III, along with withdrawals of cash from the campaign account.

Mr. Watson stated that his campaign account was savings only (no checking), but his personal account was a checking account. He transferred funds from the campaign account to the personal account when he needed to make payments to campaign vendors. The audit determined, however, that in most cases the amounts of the transfers did not correspond to the specific payments which the candidate reported making. (See Exhibit III, showing that nine of the 13 transfers did not correspond to specific expenditures that the candidate reported.)

Mr. Watson also stated that he had discussed this process with Commission staff, and they had approved the approach. The Commission staff disagreed with Mr. Watson’s assertions. The staff actively discourages candidates from making campaign purchases with the candidate’s personal funds or a personal credit card (e.g., on page 29 of the 2014 Guidebook for MCEA Candidates). Rather, the staff encourages MCEA candidates to pay vendors directly from the campaign bank account.

The candidate guidebook states that paying for goods with the candidate's personal funds or a credit card is permitted, provided that the campaign promptly reimburses the candidate. This advice presupposes that reimbursements will be in the same amounts as the campaign purchases made by the candidate. The advice is intended as a convenience to candidates who may wish to make a campaign purchase at a time when they do not have the campaign checkbook or debit card with them.

The Election Law forbids MCEA candidates from commingling campaign funds with any other funds, in order to prevent MCEA funds from being used for personal purposes. In this case, the mixing of campaign and personal funds in Mr. Watson's personal account did result in small amounts of MCEA funds being used for personal expenses. As shown in Exhibit IV, transfers of MCEA funds made on September 7 (\$210) and October 20, 2014 (\$350) facilitated the spending of MCEA funds on personal purchases on September 10 and October 22. Also, on September 11, 2014, the candidate transferred \$22 in MCEA funds to his personal account, which the candidate apparently spent on a haircut. Although the amounts involved are not large, this case illustrates how commingling increases the risk of misuse of public resources, and why it is illegal under current law.

Standard - 21-A M.R.S.A. § 1125(7-A) states that " A candidate or a committee authorized pursuant to section 1013-A, subsection 1 shall deposit all revenues from the fund and all seed money contributions in an account, referred to in this subsection as a "campaign account," with a bank or other financial institution. The campaign funds must be segregated from, and may not be commingled with, any other funds."

Recommendation – The Commission staff recommends that the Commission find the candidate in violation of 21-A MRSA § 1125(7-A) for commingling MCEA and personal funds, and further recommends a penalty of \$200 for the violation.

Finding No. 2 – Failure to Maintain Campaign Records in Accordance with the Requirements of the Maine Clean Election Act

MCEA candidates are required to obtain and keep certain financial records for three years following the filing of the campaign's final finance report with the Commission. These records are necessary for the State to efficiently verify that the expenditures of public campaign funds reported by the candidate actually occurred and that all goods and services purchased were for purposes of the candidate's campaign. As discussed above, Mr. Watson informed the Commission that he destroyed all of his campaign records in January, 2015.

The Auditor selected 17 expenditures for examination, which represented 86 percent of reported campaign expenditures, or in other words, every material expenditure listed on the candidate's campaign finance reports. For each expenditure selected, the Auditor requested:

- a "proof of purchase," such as an invoice, receipt or other document prepared by the vendor, describing the goods or services purchased by the candidate, and

- a “proof of payment,” such as a monthly account statement, copy of cancelled check or vendor receipt, which verifies that the payee reported by the candidate actually received and deposited the payment.

The Watson campaign was almost totally non-compliant with the documentation requirements of the MCEA and Commission rules governing accountability for campaign expenditures and management of clean election funds entrusted to the candidate. The documentation provided by the candidate is summarized on Exhibit V. Among the violations related to maintenance of campaign financial records were the following:

- No proof of payment was available for seven of 17 transactions tested by the Auditor.
- Eight of 17 reported procurements were not substantiated by proofs of purchase;
- Three of the travel reimbursements were not supported by mileage logs created at the time travel was performed;

As shown on Exhibit III, between May 30 and November 3, 2014, the candidate made eight withdrawals of cash (MCEA funds) from his campaign account totaling \$2,183 and transfers to his personal account totaling \$3,022. The Auditor found that

- Five of eight cash withdrawals, or \$1,647 out of \$2,183, did not correspond in amount with expenditures reported by the candidate;
- Nine of 13 transfers from the campaign account to the candidate’s personal checking account, or \$2,589 out of \$3,022, did not support the amounts of expenditures reported by the campaign.

In summary, the Auditor was unable to verify the allowability of most of the expenditures reported by the Watson campaign.

Standard – 21-A M.R.S.A. § 1125(12-A) states that “The candidate or treasurer shall obtain and keep;

- A. Bank or other account statements for the campaign account covering the duration of the campaign;
- B. A vendor invoice stating the particular goods or services purchased for every expenditure in excess of \$50;
- C. A record proving that a vendor received payment for every expenditure in excess of \$50 in the form of a cancelled check, receipt from the vendor or bank or credit card statement identifying the vendor as the payee; and
- D. (REPEALED)

E. A contemporaneous document such as an invoice, contract or timesheet that specifies in detail the services provided by a vendor who was paid in excess of \$500 for the election cycle for providing campaign staff or consulting services to a candidate.

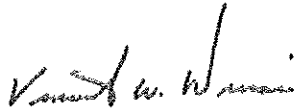
The candidate or treasurer shall preserve the records for 3 years following the candidate's final campaign finance report for the election cycle. (emphasis added). The candidate and treasurer shall submit photocopies of the records to the Commission upon its request."

Recommendation – The Commission staff recommends that the Commission find the candidate in violation of 21-A M.R.S.A. §1125(12-A) for failing to keep vendor invoices and proof of payment, and further recommends assessing a penalty of \$200.

Candidate's Comments on Audit Findings

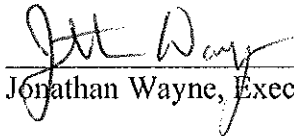
Mr. Watson has responded to the audit findings, and his comments are attached to this report.

Respectfully Submitted,



Vincent W. Dinan, Auditor

Approved:



Jonathan Wayne, Executive Director

Exhibits

Exhibit I

January 31st, 2015

Mr. Vincent Dinan,

In early December I received a letter from your office stating that audits were being completed and if I didn't receive any notification by a certain date in December that I would not be getting audited. Even after receiving that letter I still saved all of my receipts and materials well into January. The weekend of January 16th I went ahead and shredded all materials related to the 2014 campaign. I don't even have the green booklet anymore. With this said, most of my receipts were able to be found online and can be verified through debit & withdrawal transactions.

Due to the letter received in early December stating I wouldn't be audited and my shredding a month later, there are six purchases that do not have receipts. Four of them were completed with Debit Card and two of them were completed with Cash. All other purchases I was able to find and provide the receipts for are attached to this packet. The bank statements are also attached as well. The six transactions I mentioned are below:

Brunswick USPS on 07/19/14 – This transaction was completed at the Brunswick Post Office and was completed with cash. The cash was withdrawn from the campaign account and used for the purchase.

Cumberland Farms on 09/04/14 - This transaction was completed at the Brunswick Cumberland Farms and was completed with cash. The cash was withdrawn from the campaign account and used for the purchase.

Sendcalls.com on 10/24/14 – The transaction was completed with a Debit Card and was reimbursed from the campaign account. (View Bank Account Transaction for *Onetime Telecom* for \$5.99 & \$150.00)

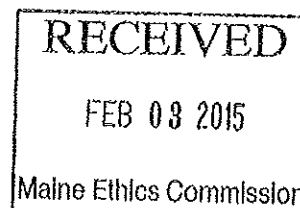
Gibbs Convenience Store on 10/28/14 – This transaction was completed with a Debit Card and was reimbursed from the campaign account. (See Bank Statement)

New Meadows Clipper on 11/01/14 – This transaction was completed with a Debit Card and was reimbursed from the campaign account. (See Bank Statement)

Brunswick USPS on 11/13/14 – This transaction was completed with a Debit Card and was reimbursed from the campaign account. (See Bank Statement)

Thank you in advance and if there are any questions please don't hesitate to contact me.


Byron D. Watson



COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES

AUDIT OF 2014 CAMPAIGN FINANCE REPORTS

CANDIDATE: BYRON D. WATSON

DISTRICT: 61

TRANSFERS OF MCEA FUNDS FROM CAMPAIGN ACCOUNT TO PERSONAL ACCOUNT, AND CASH WITHDRAWALS OF MCEA FUNDS FROM CAMPAIGN ACCOUNT

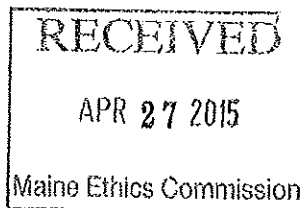
TRANSFERS TO PERSONAL ACCOUNT	DATE	AMOUNT	COMMENTS
WD - TRANS TO PC	9/5/2014	(\$50.00)	Corresponds to reported payment of \$50.00 to Cumberland Farms. Payment was made in that amount by personal debit card to vendor, but candidate provided no purchase documentation.
WD - TRANS TO PC	9/7/2014	(\$150.00)	Amount does not reconcile to reported payments.
WD - TRANS TO PC	9/7/2014	(\$60.00)	Amount does not reconcile to reported payments.
WD - TRANS TO PC	9/11/2014	(\$22.00)	Amount does not reconcile to reported payments.
WD - TRANS TO PC	9/22/2014	(\$1,750.00)	Amount does not reconcile to reported payments.
WD - TRANS TO PC	9/25/2014	(\$80.00)	Amount does not reconcile to reported payments.
WD - TRANS TO PC	10/20/2014	(\$350.00)	Amount does not reconcile to reported payments.
WD - TRANS TO PC	10/24/2014	(\$155.99)	Corresponds to reported payment of \$115.99 to Sendcalls.com. Payment was made in that amount by personal debit card to vendor, but candidate provided no purchase documentation.
WD - TRANS TO PC	10/31/2014	(\$105.04)	Amount does not reconcile to reported payments.
WD - TRANS TO PC	11/3/2014	(\$56.02)	Amount does not reconcile to reported payments.
WD - TRANS TO PC	11/6/2014	(\$15.66)	Amount does not reconcile to reported payments.
WD - TRANS TO PC	11/13/2014	(\$115.51)	Candidate reported payment of \$115.51 to Staples. Payment was made in that amount by personal debit card to vendor, but candidate provided no purchase documentation.
WD - TRANS TO PC	11/13/2014	(\$111.80)	Candidate reported payment of \$111.80 to U.S. Post Office. Payment in that amount was made by personal debit card to vendor, but candidate provided no purchase documentation.
Total Transfers From the Campaign Account to Personal Checking		(\$3,022.02)	

CASH WITHDRAWALS	DATE	AMOUNT	COMMENTS
Cash Withdrawal	5/30/2014	(\$75.69)	Amount corresponds to reported payment to Staples on 5/10/2014.
Cash Withdrawal	5/30/2014	(\$410.00)	Amount corresponds to reported payment to First Light Advertising on 5/20/2014.
Cash Withdrawal	7/11/2014	(\$1,000.00)	Amount does not reconcile to reported payments.
Cash Withdrawal	7/19/2014	(\$172.00)	Amount does not reconcile to reported payments.
Cash Withdrawal	7/26/2014	(\$125.00)	Amount does not reconcile to reported payments.
WD	8/2/2014	(\$50.00)	Amount corresponds to reported payment to Erik Lusk on 8/2/2014.
Cash Withdrawal	10/31/2014	(\$300.00)	Amount does not reconcile to reported payments.
Cash Withdrawal	11/3/2014	(\$50.00)	Amount does not reconcile to reported payments.
Total Cash Withdrawals		(\$2,182.69)	

COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES	
AUDIT OF 2014 CAMPAIGN FINANCE REPORTS	
CANDIDATE: BYRON D. WATSON	
DISTRICT: 51	
QUESTIONED PERSONAL EXPENDITURES RELATED TO COMMINGLING OF FUNDS	
TRANSACTION #1	
Personal Account Balance at 9/7/2014	\$90.85
Less: personal expenditures on 9/10/2014	
Dunkin Donuts	(\$2.11)
Tractor Supply Co.	(\$35.85)
Check Withdrawal	(\$77.00)
Constructive Balance in the Personal Account before Transfers In of Campaign Funds	(\$24.11)
Add: Transfers In From Campaign Account on 9/7/2014:	\$150.00
	\$60.00
Account Balance in Personal Account at 9/10/2014, per Candidate's Bank Statement	\$125.89
TRANSACTION #2	
Transfer Into Personal Account from Campaign Account on 9/11/2014	\$22.00
Debit Card Payment from Personal Account to Hair Styles & Attitudes on 9/15/2014	(\$22.00)
TRANSACTION #3	
Balance in Personal Account on 10/20/2014	\$96.74
Less:	
Payment to State Farm on 10/22/2014	(\$56.24)
Payment of Member Privilege Fee on 10/22/2014	(\$28.00)
Check Withdrawal on 10/22/2014	(\$77.00)
Payment of Member Privilege Fee on 10/22/2014	(\$28.00)
Constructive Balance in the Personal Account before Transfers of Campaign Funds	(\$92.50)
Add: Transfer In from Campaign Account on 10/20/2014	\$350.00
Less: Debit Card Payment of Campaign Expense (Target Marketing)	(\$212.83)
Account Balance in Personal Account at 10/22/2014, per Candidate's Bank Statement	\$44.67

COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES									
AUDIT OF 2014 CAMPAIGN FINANCE REPORTS									
CANDIDATE: BYRON D. WATSON									
DISTRICT: 51									
SUMMARY OF TRANSACTION FINDINGS									
Transaction	Date	Amount	Purchase Document on File	Candidate Paid by Personal Debit Card	Candidate Paid by Personal Check	Candidate Reimbursed by Campaign	Cash Withdrawn from Bank	Vendor Receipt on File	
STAPLES	5/10/2014	\$75.69	YES	YES		YES	YES	DEBIT CARD RECORD	
FIRST LIGHT ADVERTISING	9/23/2014	\$1,100.00	YES		YES	NO RECORD	NO RECORD	YES	
TARGET MARKETING MAINE	10/21/2014	\$212.83	YES	YES		NO RECORD	NO RECORD	DEBIT CARD RECORD	
STAPLES	11/12/2014	\$115.51	YES	YES		NO RECORD	YES	DEBIT CARD RECORD	
FIRST LIGHT ADVERTISING	5/20/2014	\$410.00	YES	NO			YES	NO RECORD	
MARK HOLBROOK	7/6/2014	\$50.00	YES	NO	NO	NO RECORD	NO RECORD	NO RECORD	
FIRST LIGHT ADVERTISING	7/11/2014	\$800.00	YES	NO	NO	NO RECORD	NO RECORD	NO RECORD	
ANCHOR PUBLISHING	10/31/2014	\$220.00	YES	NO	NO	NO RECORD	NO RECORD	NO RECORD	
STAPLES	9/22/2014	\$79.13	NO	YES		NO RECORD	NO RECORD	DEBIT CARD RECORD	
TARGET MARKETING MAINE	9/22/2014	\$627.91	NO	YES		NO RECORD	NO RECORD	DEBIT CARD RECORD	
SENDCALLS.COM	10/24/2014	\$155.99	NO	YES		NO RECORD	NO RECORD	DEBIT CARD RECORD	
GIBBS CONVENIENCE STORE	10/28/2014	\$40.06	NO	YES		NO RECORD	NO RECORD	DEBIT CARD RECORD	
NEW MEADOWS CLIPPER	11/1/2014	\$52.56	NO	YES		NO RECORD	NO RECORD	DEBIT CARD RECORD	
USPS	11/13/2014	\$111.80	NO	YES		NO RECORD	YES	DEBIT CARD RECORD	
BRUNSWICK USPS	7/19/2014	\$272.00		NO DOCUMENTATION					
STAPLES	7/28/2014	\$133.81		NO DOCUMENTATION					
CUMBERLAND FARMS	9/4/2014	\$50.00		NO DOCUMENTATION					

Attachments



April 17th, 2015

To Whom It May Concern:

Thank you for the time to respond to the letter I received last week from your office. As a single father of two young children ages 6 and 3, making barely \$27K annually I thought it was going to be very tough to run for a State Representative seat. From the very start I was under false impressions that I would have help in the venture and ended up running the entire campaign alone and made a few mistakes. I always acted in good faith, and didn't even know that I was making any mistakes. In fact it was myself who informed the Commission Member, Emma Burke of my mistakes back in November of 2014 after sending back left over campaign money with my personal check. I have been 100% open and honest and have aided any and all inquiries made by the Auditors.

Long before the campaign even started I was always under the impression that everything would be taken care of for me at the party level. I never intended to have to be a candidate, campaign manager, auditor, treasurer, strategist, staffer, and more all by myself on top of the single parent duties I already have as my number one priority, as well as my regular full-time job. Had I known that I wasn't going to receive any help in the process I would have waited to run at a different time if that time ever came? Way back in April of 2014 I sat down with a branch supervisor at Midcoast Federal Credit Union to inquire about opening a separate account for my campaign. The supervisor informed me that I could name a separate savings account as my campaign account and that this would meet the requirements and so we did. Because of this action I was doomed before the campaign even started.

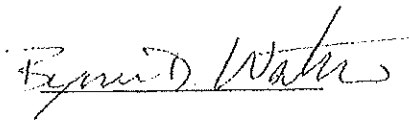
Having a separate campaign account meant that I did not have a debit card for the campaign and needed to move funds in order to be able to access funds for weekend and evening events. With a full time job and being a single parent of two mostly all of my events occurred in the evening or on the weekends. I had 4 purchases from August 31st to September 13th totaling \$122.00 and each purchase I was unsure of what the total costs were going to be and had to ensure I would have enough money on hand at events to pay for all costs associated with the events. The same happened with my 3 purchases from October 18th to October 21st totaling \$293.20. Every single purchase was added in the campaign account database and accounted for in the system. There

was never any campaign money spent on a haircut, I had well over \$2,000.00 in my personal checking account on September 15th when I made that purchase using my personal debit card.

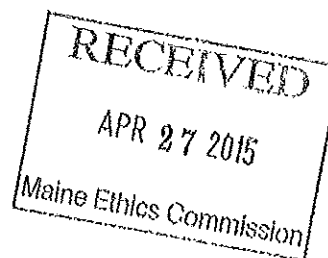
I am asking that the Commission reduce the fines to \$50 each for a total of \$100 due to my financial situation. I barely bring home \$400.00 per week and so the current suggested fines would take a quarter of my monthly income away from my children. My children's mother is a complete deadbeat and therefore we have absolutely no child support coming into the household. After our weekly daycare costs of roughly \$100, we are struggling to pay the mortgage and lot rent, let alone regular bills like vehicle, insurance, taxes, electricity, heat, fuel, trash, and food. I thought I was a prime candidate for what the Clean Candidate Program was designed for, I just wish I wasn't rushed into running for and using the program before I had any clue of what was going to be involved and what I needed to know and do alone.

Thank you in advance for your consideration.

Respectfully Yours,



Byron D. Watson





STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
AND ELECTION PRACTICES
135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

May 5, 2015

Mr. Byron D. Watson
33 Beverly Drive
Brunswick, ME 04011

**NOTICE OF RECOMMENDED FINDINGS
OF VIOLATION AND PENALTIES**

Dear Mr. Watson,

Thank you for your response to the draft version of the audit report prepared by the Commission's Auditor concerning your 2014 campaign as a Maine Clean Election Act (MCEA) candidate. The final audit report is enclosed, with your April 17, 2015 response attached. The members of the Maine Ethics Commission will consider the audit at a public meeting on Thursday, May 28, 2015 in Augusta (details below). This letter is intended to notify you of the findings of violation and civil penalties that will be recommended by the staff of the Ethics Commission, and to explain your opportunity to respond to the staff's recommendations. The final decision will be made by the Commissioners after considering the staff's recommendations and all information provided by you.

Recommendations by Commission Staff

Commingling. At the May 28, 2015 meeting, the Commission staff will recommend that the Commissioners find that you violated 21-A M.R.S.A. § 1125(7-A) by commingling \$3,022 in MCEA funds with funds in your personal bank account. The Commission staff will recommend assessing a civil penalty of \$200 for this violation, pursuant to 21-A M.R.S.A. § 1127(1).

Failure to keep documents. The Commission staff intends to recommend that the Commissioners find that you violated 21-A M.R.S.A. § 1125(12-A) and Chapter 3, Section 7(1)(C) of the Commission Rules by failing to keep:

- A vendor invoice or receipt stating the particular goods or services purchased for eight of your campaign expenditures: Staples (\$79.13), Target Marketing Maine (\$627.91), Sendcalls.com (\$155.99), Gibbs Convenience Store (\$40.06), New Meadows Clipper (\$52.56), U.S. Postal Service (\$111.80), U.S. Postal Service (\$272.00), Staples (\$133.81), and Cumberland Farms (\$50.00).
- A document proving that the reported vendors received and deposited your payments of MCEA funds for seven of your campaign expenditures: First Light Advertising (\$410.00),

Mr. Byron D. Watson
Page 2
May 5, 2015

Mark Holbrook (\$40), First Light Advertising (\$800), Anchor Publishing (\$220), U.S. Postal Service (\$272.00), Staples (\$133.81), and Cumberland Farms (\$50.00).

- Records of your vehicle travel for campaign purposes (showing the date and purpose of the trips) that supported three payments of MCEA funds for campaign travel: Cumberland Farms (\$50), Gibbs Convenience Store (\$40.06), and New Meadows Clipper (\$52.56).

The Commission staff will recommend assessing a civil penalty of \$200 for the record-keeping violation, pursuant to 21-A M.R.S.A. § 1127(1).

Your Opportunity to Respond

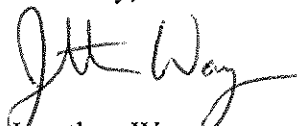
The members of the Maine Ethics Commission will consider the audit report at their meeting at 9:00 a.m. on Thursday, May 28, 2015 at the Commission's office at 45 Memorial Circle in Augusta. The five members of the Commission will be making the final decision on whether to find that you violated the MCEA and the amount of any penalties.

The Commission staff recommends that you attend the meeting in person on May 28 to answer any questions of the Commissioners and to make any comments you would like, because the Commissioners may adopt penalties that are higher than the staff has recommended. The maximum penalty for violations of the MCEA is \$10,000 per violation, although the Commissioners typically assess penalties that are considerably lower than the maximum.

If you would like to submit any further written response, it would be helpful for me to receive it by Tuesday, May 19, if possible. (The Commissioners will receive your letters dated January 31, 2015 and April 17, 2015.) My email address is Jonathan.Wayne@maine.gov.

Thank you for considering this notice of recommended findings of violation and penalties. Please call me at 287-4179 if you have any questions about the Commission's consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Wayne", written over a horizontal line.

Jonathan Wayne
Executive Director

cc: Commission Auditor Vincent W. Dinan

Maine Revised Statutes
Title 21-A: ELECTIONS

Chapter 14: THE MAINE CLEAN ELECTION ACT HEADING: IB 1995, c. 1,
§17 (new)

§1125. TERMS OF PARTICIPATION

...

7-A. Deposit into account; release of bank records. A candidate or a committee authorized pursuant to section 1013-A, subsection 1 shall deposit all revenues from the fund and all seed money contributions in an account, referred to in this subsection as a "campaign account," with a bank or other financial institution. The campaign funds must be segregated from, and may not be commingled with, any other funds.

A. A participating candidate shall provide to the commission a signed written authorization allowing the bank or other financial institution administering a campaign account to release to the commission all records held by that bank or institution pertaining to the campaign account, including, but not limited to, campaign account statements, records of payments or transfers from the campaign account and deposits of funds to the campaign account. [2011, c. 522, §2 (NEW); 2011, c. 522, §4 (AFF).]

B. The executive director of the commission or its auditor, during an audit or during an investigation authorized by the commission or the chair of the commission of potential noncompliance with the requirements of this chapter, chapter 13 or a rule of the commission, may request that a candidate provide the records of a campaign account. If the candidate fails to comply with the request within 30 days of receiving it, the executive director or auditor may use the authorization obtained pursuant to paragraph A to obtain the records directly from the bank or other financial institution. [2011, c. 522, §2 (NEW); 2011, c. 522, §4 (AFF).]

[2011, c. 522, §4 (AFF); 2011, c. 522, §2 (RPR) .]

...

12-A. Required records. The candidate or treasurer shall obtain and keep:

A. Bank or other account statements for the campaign account covering the duration of the campaign; [2005, c. 542, §5 (NEW).]

B. A vendor invoice stating the particular goods or services purchased for every expenditure in excess of \$50; [2013, c. 334, §34 (AMD).]

C. A record proving that a vendor received payment for every expenditure in excess of \$50 in the form of a cancelled check, cash receipt from the vendor or bank or credit card statement identifying the vendor as the payee; and [2013, c. 334, §34 (AMD).]

D. [2009, c. 524, §15 (RP).]

E. A contemporaneous document such as an invoice, contract or timesheet that specifies in detail the services provided by a vendor who was paid in excess of \$500 for the election cycle for providing campaign staff or consulting services to a candidate. [2013, c. 334, §34 (AMD).]

The candidate or treasurer shall preserve the records for 3 years following the candidate's final campaign finance report for the election cycle. The candidate and treasurer shall submit photocopies of the records to the commission upon its request.

[2013, c. 334, §34 (AMD) .]

Maine Revised Statutes
Title 21-A: ELECTIONS

**Chapter 14: THE MAINE CLEAN ELECTION ACT HEADING: IB 1995, c. 1,
§17 (new)**

§1127. VIOLATIONS

1. Civil fine. In addition to any other penalties that may be applicable, a person who violates any provision of this chapter or rules of the commission adopted pursuant to section 1126 is subject to a fine not to exceed \$10,000 per violation payable to the fund. In addition to any fine, for good cause shown, a candidate, treasurer, consultant or other agent of the candidate or the political committee authorized by the candidate pursuant to section 1013-A, subsection 1 found in violation of this chapter or rules of the commission may be required to return to the fund all amounts distributed to the candidate from the fund or any funds not used for campaign-related purposes. If the commission makes a determination that a violation of this chapter or rules of the commission has occurred, the commission shall assess a fine or transmit the finding to the Attorney General for prosecution. A final determination by the commission may be appealed to Superior Court in accordance with Title 5, chapter 375, subchapter 7 and the Maine Rules of Civil Procedure, Rule 80C. Fines assessed or orders for return of funds issued by the commission pursuant to this subsection that are not paid in full within 30 days after issuance of a notice of the final determination may be enforced in accordance with section 1004-B. Fines paid under this section must be deposited in the fund. In determining whether or not a candidate is in violation of the expenditure limits of this chapter, the commission may consider as a mitigating factor any circumstances out of the candidate's control.

[2011, c. 558, §10 (AMD) .]

2. Class E crime. A person who willfully or knowingly violates this chapter or rules of the commission or who willfully or knowingly makes a false statement in any report required by this chapter commits a Class E crime and, if certified as a Maine Clean Election Act candidate, must return to the fund all amounts distributed to the candidate.

[1995, c. 1, §17 (NEW) .]

SECTION HISTORY

IB 1995, c. 1, §17 (NEW). 2003, c. 81, §1 (AMD). 2005, c. 301, §33 (AMD). 2005, c. 542, §6 (AMD). 2009, c. 302, §23 (AMD). 2011, c. 558, §10 (AMD).